



General Assembly

January Session, 2007

***Raised Bill No. 1329***

LCO No. 4731

\*04731\_\_\_\_\_ET\_\*

Referred to Committee on Energy and Technology

Introduced by:  
(ET)

***AN ACT CONCERNING BIODIESEL.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2007*) For the purposes of sections  
2 1 to 7, inclusive, of this act:

3 (1) "Biodiesel" means a fuel comprised of mono-alkyl esters of long  
4 chain fatty acids derived from vegetable oils or animal fats, designated  
5 B100, and meeting the requirements of the American Society of Testing  
6 and Materials D 6751.

7 (2) "Qualified biodiesel producer" means a facility that produces  
8 biodiesel and is registered with the state of Connecticut, domiciled in  
9 Connecticut and actively engaged in the production of biodiesel in  
10 Connecticut for commercial purposes.

11 (3) "Qualified biodiesel distributor" means a facility that stores and  
12 distributes biodiesel and is registered with the state of Connecticut,  
13 domiciled in Connecticut and actively engaged in the storage and  
14 distribution of biodiesel in Connecticut for commercial purposes.

15 Sec. 2. (NEW) (*Effective July 1, 2007*) (a) There is established an

16 account to be known as the "Connecticut qualified biodiesel producer  
17 incentive account", which shall be a separate, nonlapsing account  
18 within the General Fund. The account shall contain any moneys  
19 required by law to be deposited in the account.

20 (b) The moneys in said account shall be expended by the  
21 Connecticut Center for Advanced Technology for the purpose of  
22 providing grant funds to qualified biodiesel producers and qualified  
23 biodiesel distributors pursuant to sections 3 through 7, inclusive, of  
24 this act.

25 Sec. 3. (NEW) (*Effective July 1, 2007*) (a) A qualified biodiesel  
26 producer shall be eligible for not more than sixty monthly grants from  
27 the Connecticut qualified biodiesel producer incentive account. The  
28 Connecticut Center for Advanced Technology shall determine monthly  
29 grant amounts by calculating the estimated gallons of qualified  
30 biodiesel produced during the preceding month, as certified by the  
31 Connecticut Center for Advanced Technology, and applying such  
32 figure to the per gallon incentive grant, which shall be calculated as  
33 follows: (1) For the first five million gallons of qualified biodiesel  
34 produced, thirty cents per gallon; (2) for the second five million gallons  
35 of qualified biodiesel produced, twenty cents per gallon; and (3) for the  
36 third five million gallons of qualified biodiesel produced, ten cents per  
37 gallon.

38 (b) Qualified biodiesel produced by a qualified biodiesel producer  
39 in excess of fifteen million gallons shall not be eligible for a grant  
40 pursuant to this section.

41 Sec. 4. (NEW) (*Effective July 1, 2007*) (a) To receive a grant pursuant  
42 to section 3 of this act, a qualified biodiesel producer shall file an  
43 application for such funds not later than fifteen days after the last day  
44 of the month for which the grant is sought. The application shall  
45 include, but not be limited to, (1) the location of the qualified biodiesel  
46 producer; (2) the number of Connecticut citizens employed by the  
47 qualified biodiesel producer in the preceding month; (3) the number of

48 gallons of qualified biodiesel produced during the month for which  
49 the grant is sought; (4) the actual costs of creating storage and  
50 distribution capacity for biodiesel during the month; (5) a copy of the  
51 qualified biodiesel producer's Connecticut registration; and (6) any  
52 other information deemed necessary by the Connecticut Center for  
53 Advanced Technology to ensure that such grants shall be made only to  
54 qualified biodiesel producers.

55 (b) The Connecticut Center for Advanced Technology shall pay all  
56 grants for a particular month by the fifteenth day after receipt and  
57 approval of the application filed pursuant to subsection (a) of this  
58 section.

59 Sec. 5. (NEW) (*Effective July 1, 2007*) A qualified biodiesel producer  
60 shall be eligible for a one-time grant from the Connecticut qualified  
61 biodiesel producer incentive account to assist with purchasing  
62 equipment or constructing, modifying or retrofitting production  
63 facilities. Such grants shall not exceed three million dollars, regardless  
64 of the number of facilities owned by said qualified biodiesel producer.

65 Sec. 6. (NEW) (*Effective July 1, 2007*) A qualified biodiesel distributor  
66 shall be eligible for a grant pursuant to section 2 of this act to assist  
67 with purchasing equipment or constructing, modifying or retrofitting  
68 facilities. Such grants shall not exceed fifty thousand dollars for any  
69 one distributor at any one site. The Connecticut Center for Advanced  
70 Technology shall create an application process and promulgate rules  
71 for the administration of this grant provision.

72 Sec. 7. (NEW) (*Effective July 1, 2007*) The management of the  
73 Connecticut Center for Advanced Technology, in consultation with the  
74 Department of Revenue Services, shall promulgate rules and  
75 regulations necessary for the administration of the provisions of this  
76 section. These rules shall include an annual report on the progress of  
77 the grant programs administered pursuant to sections 2 to 7, inclusive,  
78 of this act.

79 Sec. 8. Subdivision (76) of section 12-81 of the general statutes is  
80 repealed and the following is substituted in lieu thereof (*Effective from*  
81 *passage and applicable to assessment years commencing on and after October*  
82 *1, 2007*):

83 (76) [Effective for assessment years commencing on or after October  
84 1, 2011, new machinery and equipment or newly-acquired machinery  
85 and equipment, including machinery] Machinery and equipment used  
86 in connection with biotechnology. For purposes of this subdivision,  
87 "machinery" and "equipment", and "biotechnology" shall have the  
88 same meaning as in subdivision (72) of this section. Any person  
89 claiming the exemption provided under this subdivision shall not be  
90 eligible to claim the exemption provided under subdivision (60) or (70)  
91 of this section for the same machinery and equipment.

92 Sec. 9. Subdivision (16) of section 12-412 of the general statutes is  
93 repealed and the following is substituted in lieu thereof (*Effective from*  
94 *passage and applicable to sales occurring on or after July 1, 2007*):

95 (16) (A) Sales of fuel used for heating purposes (i) in any residential  
96 dwelling, or (ii) in any building, location or premise utilized directly in  
97 agricultural production, fabrication of a finished product to be sold or  
98 an industrial manufacturing plant, provided the exemption under this  
99 subdivision (ii) shall only be allowed with respect to a building,  
100 location or premise in which not less than seventy-five per cent of the  
101 fuel used in such building, location or premise is used for the purpose  
102 of such production, fabrication or manufacturing.

103 (B) This exemption also applies to (i) the renewable fuel content of  
104 fuel used for heating purposes, and (ii) sales of equipment and  
105 machinery used to store, distribute, manufacture and blend renewable  
106 fuels for heating purposes.

107 (C) As used in this subdivision, "renewable fuel content" means  
108 fuels that meet the specifications of the American Society of Testing  
109 and Materials designation D 396 or D 975 and that contain biodiesel

110 meeting the American Society of Testing and Materials D 6751 of not  
111 less than five per cent.

112 Sec. 10. Subsection (a) of section 12-701 of the general statutes is  
113 amended by adding subdivisions (37) to (39), inclusive, as follows  
114 (*Effective from passage and applicable to income years commencing on or after*  
115 *January 1, 2008*):

116 (NEW) (37) "Bioheat" means a fuel comprised of biodiesel blended  
117 with conventional home heating oil, which meets the specifications of  
118 the American Society of Testing and Materials designation D 396 or D  
119 975 or the latest version of D 6751.

120 (NEW) (38) "Biodiesel" means a fuel comprised exclusively of mono-  
121 alkyl esters of long chain fatty acids derived from vegetable oils or  
122 animal fats, designated B100 (pure biodiesel), which meets the  
123 specifications of the American Society of Testing and Materials  
124 designation D 6751.

125 (NEW) (39) "Residential purposes" means any structure, or part of a  
126 structure, in Connecticut used as a place of abode maintained by or for  
127 a person, whether or not owned by such person, on other than a  
128 temporary or transient basis. "Residential purposes" includes  
129 multifamily dwelling units, such as multifamily homes, apartment  
130 buildings, condominiums and cooperative apartments. "Residential  
131 purposes" does not include the part of a structure used as a hotel,  
132 motel or similar space, except for those units used by the same  
133 occupant for not less than ninety consecutive days.

134 Sec. 11. (NEW) (*Effective from passage and applicable to income years*  
135 *commencing on or after January 1, 2008*) (a) Any resident of this state, as  
136 defined in subdivision (1) of subsection (a) of section 12-701 of the  
137 general statutes, subject to the tax under chapter 229 of the general  
138 statutes for any taxable year, shall be entitled to a credit in determining  
139 the amount of tax liability under chapter 229 of the general statutes  
140 equal to one cent per gallon for each per cent of biodiesel included in

141 the bioheat purchased by the taxpayer on or after January 1, 2008, but  
 142 before December 31, 2012. Said credit shall not exceed twenty cents per  
 143 gallon. The bioheat shall be used for space heating or hot water  
 144 production for residential purposes within the state. If a taxpayer  
 145 makes more than one qualifying purchase of bioheat and the  
 146 percentage of biodiesel included in the bioheat varies, said taxpayer  
 147 shall calculate each purchase of bioheat separately. If two or more  
 148 taxpayers share in the purchase of bioheat, the amount of the credit  
 149 allowable to each taxpayer is to be prorated according to the  
 150 percentage of the total bioheat purchased by each taxpayer.

151 (b) The credit allowed under this section shall not exceed two  
 152 hundred dollars for each taxable year. In the case of two or more  
 153 taxpayers sharing in the purchase of bioheat, the credit allowed, in the  
 154 aggregate, shall not exceed two hundred dollars for each taxable year.

155 Sec. 12. Subdivision (2) of subsection (b) of section 12-587 of the  
 156 general statutes is repealed and the following is substituted in lieu  
 157 thereof (*Effective July 1, 2007*):

158 (2) Gross earnings derived from the first sale of the following  
 159 petroleum products within this state shall be exempt from tax: (A) Any  
 160 petroleum products sold for exportation from this state for sale or use  
 161 outside this state; (B) the product designated by the American Society  
 162 for Testing and Materials as "Specification for Heating Oil D396-69", or  
 163 the latest version, commonly known as number 2 heating oil, to be  
 164 used exclusively for heating purposes or to be used in a commercial  
 165 fishing vessel, which vessel qualifies for an exemption pursuant to  
 166 section 12-412, as amended by this act; (C) kerosene, commonly known  
 167 as number 1 oil, to be used exclusively for heating purposes, provided  
 168 delivery is of both number 1 and number 2 oil, and via a truck with a  
 169 metered delivery ticket to a residential dwelling or to a centrally  
 170 metered system serving a group of residential dwellings; (D) the  
 171 product identified as propane gas, to be used exclusively for heating  
 172 purposes; (E) bunker fuel oil, intermediate fuel, marine diesel oil and

173 marine gas oil to be used in any vessel having a displacement  
 174 exceeding four thousand dead weight tons; (F) for any first sale  
 175 occurring prior to July 1, 2008, propane gas to be used as a fuel for a  
 176 motor vehicle; (G) for any first sale occurring on or after July 1, 2002,  
 177 grade number 6 fuel oil, as defined in regulations adopted pursuant to  
 178 section 16a-22c, to be used exclusively by a company which, in  
 179 accordance with census data contained in the Standard Industrial  
 180 Classification Manual, United States Office of Management and  
 181 Budget, 1987 edition, is included in code classifications 2000 to 3999,  
 182 inclusive, or in Sector 31, 32 or 33 in the North American Industrial  
 183 Classification System United States Manual, United States Office of  
 184 Management and Budget, 1997 edition; (H) for any first sale occurring  
 185 on or after July 1, 2002, number 2 heating oil to be used exclusively in a  
 186 vessel primarily engaged in interstate commerce, which vessel  
 187 qualifies for an exemption under section 12-412; (I) for any first sale  
 188 occurring on or after July 1, 2000, paraffin or microcrystalline waxes;  
 189 (J) for any first sale occurring prior to July 1, 2008, petroleum products  
 190 to be used as a fuel for a fuel cell, as defined in subdivision (113) of  
 191 section 12-412; [or] (K) a commercial heating oil blend containing not  
 192 less than ten per cent of alternative fuels derived from agricultural  
 193 produce, food waste, waste vegetable oil or municipal solid waste,  
 194 including, but not limited to, biodiesel or low sulfur dyed diesel fuel;  
 195 (L) for any first sale occurring on or after July 1, 2009, biofuels or  
 196 biodiesel that meet the specifications of the American Society of  
 197 Testing and Materials designation D 396, D 975 or D 6751 containing a  
 198 blend of not less than five per cent renewable content; or (M) for any  
 199 first sale occurring on or after July 1, 2009, additives to heating oil used  
 200 exclusively for heating purposes or any derivation used for the  
 201 purposes of maintaining the stability or operational performance of  
 202 petroleum products.

203 Sec. 13. (NEW) (*Effective July 1, 2007*) (a) Within available  
 204 appropriations, The University of Connecticut Cooperative Extension  
 205 Service, in consultation with The University of Connecticut Biodiesel  
 206 Consortium and other state universities, shall develop a program to

207 enable The University of Connecticut and the other state universities to  
208 serve, for a fee, as minimum testing centers for Connecticut companies  
209 that produce biodiesel and biodiesel fuels for heating and  
210 transportation and to develop quality monitoring standards that  
211 comply with the standards of the American Society of Testing and  
212 Materials.

213 (b) The University of Connecticut Cooperative Extension Service  
214 shall, on or before February first, annually, submit a report on the  
215 status of said program to the joint standing committees of the General  
216 Assembly having cognizance of matters relating to the environment  
217 and energy and technology.

218 Sec. 14. (NEW) (*Effective July 1, 2007*) (a) Notwithstanding section  
219 10-266m of the general statutes, the Commissioner of Education shall,  
220 within available appropriations, award grants annually to local and  
221 regional boards of education to provide funds for the purchase of  
222 biodiesel fuel mixed from not less than five per cent B100 biofuel for  
223 school buses. For school years commencing on and after January 1,  
224 2009, grants shall be awarded to provide funds for the purchase of  
225 biodiesel fuel mixed from not less than twenty per cent B100 biofuel.

226 (b) The commissioner shall adopt regulations, in accordance with  
227 the provisions of chapter 54 of the general statutes, to set the standards  
228 for the grant program established in subsection (a) of this section.

229 Sec. 15. (NEW) (*Effective July 1, 2007*) The Commissioner of Public  
230 Works, in consultation with the Office of Policy and Management,  
231 shall establish a program designed to encourage the use of biodiesel  
232 blended heating fuel mixed from not more than ninety per cent ultra  
233 low sulfur number 2 heating oil and not less than ten per cent biofuel  
234 in state buildings and facilities. On or before January 1, 2008, the  
235 commissioner shall prepare a plan for implementation of such  
236 program which shall include, but not be limited to, (1) identification of  
237 state buildings and facilities suitable for biodiesel blended heating fuel,  
238 (2) evaluation of energy efficiency and reliability of biodiesel blended



239 heating fuel in such buildings and facilities, and (3) the availability and  
 240 feasibility of exclusively using such fuels or fuel products, including  
 241 agricultural products or waste yellow grease, produced in Connecticut.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	New section
Sec. 2	<i>July 1, 2007</i>	New section
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	New section
Sec. 5	<i>July 1, 2007</i>	New section
Sec. 6	<i>July 1, 2007</i>	New section
Sec. 7	<i>July 1, 2007</i>	New section
Sec. 8	<i>from passage and applicable to assessment years commencing on and after October 1, 2007</i>	12-81(76)
Sec. 9	<i>from passage and applicable to sales occurring on or after July 1, 2007</i>	12-412(16)
Sec. 10	<i>from passage and applicable to income years commencing on or after January 1, 2008</i>	12-701(a)
Sec. 11	<i>from passage and applicable to income years commencing on or after January 1, 2008</i>	New section
Sec. 12	<i>July 1, 2007</i>	12-587(b)(2)
Sec. 13	<i>July 1, 2007</i>	New section
Sec. 14	<i>July 1, 2007</i>	New section
Sec. 15	<i>July 1, 2007</i>	New section

**Statement of Purpose:**

To promote the use of biodiesel in the state.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*